

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 401, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, delete lines 1 through 17, begin a new paragraph and insert:
2 "SECTION 1. IC 2-3-1-1 IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2007]: Sec. 1. **(a)** The annual salary of the
4 members of the general assembly shall be **the following:**
5 **(1) Before 2009**, eleven thousand six hundred dollars (\$11,600).
6 **(2) In 2009 and thereafter, an amount equal to eighteen**
7 **percent (18%) of the annual salary of a judge under**
8 **IC 33-38-5-6, as adjusted under IC 33-38-5-8.1.**
9 **(b)** One-half (1/2) the annual salary shall be paid on the fifteenth
10 day of January, and one-half (1/2) the annual salary shall be paid on the
11 fifteenth day of February.
12 SECTION 2. IC 2-3.5-5-2 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) The defined
14 contribution fund consists of the following:
15 (1) Each participant's contributions to the fund.
16 (2) Contributions made to the fund on behalf of the participants
17 under:
18 **(A) section 5 of this chapter (before its repeal on January 1,**
19 **2009); or**
20 **(B) after December 31, 2008, section 5.5 of this chapter.**
21 (3) Amounts transferred to the fund under subsections (b) and (c).

(4) All gifts, grants, devises, and bequests in money, property, or other form made to the fund.

(5) All earnings on investments or on deposits of the funds.

(6) All contributions or payments to the fund made in a manner provided by the general assembly.

(b) On any July 1 following the date a participant begins participation in the defined contribution fund, if the participant has been before that date a member of PERF, any amount in the PERF annuity savings account credited to the participant may at the participant's irrevocable option be transferred one (1) time to the defined contribution fund for the benefit of the participant. At no other time, if the participant continues or begins to participate in PERF, may such a transfer be made.

(c) On any July 1 following the date a participant begins participation in the defined contribution fund, if the participant has been before that date a member of TRF, the amount in the TRF annuity savings account credited to the participant may at the participant's irrevocable election be transferred one (1) time to the defined contribution fund for the benefit of the participant. At no other time, if the participant continues or begins to participate in TRF, may the transfer be made.

(d) Each participant shall be credited individually with:

(1) the participant's contributions to the fund under section 4 of this chapter, which shall be credited to the participant's account;

(2) the contributions made to the fund on behalf of the participant under:

(A) section 5 of this chapter (before its repeal on January 1, 2009); or

(B) after December 31, 2008, section 5.5 of this chapter; which shall be credited to the participant's account;

(3) the amount transferred to the fund under subsections (b) and (c), which shall be credited to the participant's account; and

(4) the net earnings on the participant's accounts, determined under section 3 of this chapter.

SECTION 3. IC 2-3.5-5-5.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 5.5. (a) This section applies to contributions to the defined contribution fund made by the state after December 31, 2008.**

(b) This subsection applies after December 31, 2008. Notwithstanding IC 2-3.5-2-10, as used in this section, "salary" means the total of the following amounts paid to a participant by

the state for performing legislative services in the year in which the amounts are paid, determined without regard to any salary reduction agreement established under Section 125 or Section 457 of the Internal Revenue Code:

(1) Salary.

(2) Business per diem allowance and allowances paid in lieu of the submission of claims for reimbursement (but excluding any allowances paid for mileage).

(3) Allowances paid to officers of the house of representatives and the senate.

(c) This subsection applies after December 31, 2008. The state shall make a contribution to the defined contribution fund on behalf of each participant on June 30 of each year. The amount of the contribution is determined by multiplying the participant's salary for that year by a percentage determined for that year by the PERF board under subsection (d).

(d) This subsection applies after December 31, 2008. The PERF board shall use the following rates in determining the percentage described in subsection (c):

(1) The rate of the state's normal contribution for its employees to PERF, as determined under IC 5-10.2-2-11.

(2) The rate at which the state makes contributions to annuity savings accounts on behalf of state employees who are members of PERF, as specified in IC 5-10.2-3-2 and IC 5-10.3-7-9.

(e) This subsection applies after December 31, 2008. The budget agency shall confirm the percentage determined by the PERF board. The percentage confirmed by the budget agency may not exceed the total contribution rate paid that year by the state to PERF for state employees.

SECTION 4. IC 2-3.5-5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) For purposes of this chapter, there is appropriated for each biennium the following sums of money:

(1) From the state general fund, the amount required to equal the contributions specified in:

(A) section 5 of this chapter (before its repeal on January 1, 2009); or

(B) after December 31, 2008, section 5.5 of this chapter.

(2) From the state general fund, the amount required for administration of this chapter.

(b) The biennial appropriation provided in this section shall be

credited to the defined contribution fund annually in the month of July of each year of the biennium, based on the amounts specified in subsection (a).".

Page 2, delete lines 1 through 18.

Page 6, after line 7, begin a new paragraph and insert:

"SECTION 12. IC 5-10-8-8, AS AMENDED BY P.L.178-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) This section applies only to the state and employees who are not covered by a plan established under section 6 of this chapter.

(b) After June 30, 1986, the state shall provide a group health insurance plan to each retired employee:

(1) whose retirement date is:

(A) after June 29, 1986, for a retired employee who was a member of the field examiners' retirement fund;

(B) after May 31, 1986, for a retired employee who was a member of the Indiana state teachers' retirement fund; or

(C) after June 30, 1986, for a retired employee not covered by clause (A) or (B);

(2) who will have reached fifty-five (55) years of age on or before the employee's retirement date but who will not be eligible on that date for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.; and

(3) who:

(A) for an employee who retires before January 1, 2007, will have completed:

(i) twenty (20) years of creditable employment with a public employer on or before the employee's retirement date, ten (10) years of which shall have been completed immediately preceding the retirement; and

(ii) at least fifteen (15) years of participation in the retirement plan of which the employee is a member on or before the employee's retirement date; or

(B) for an employee who retires after December 31, 2006, will have completed fifteen (15) years of creditable employment with a public employer on or before the employee's retirement date, ten (10) years of which shall have been completed immediately preceding the retirement.

(c) The state shall provide a group health insurance program to each retired employee:

(1) who is a retired judge;

(2) whose retirement date is after June 30, 1990;

- (3) who is at least sixty-two (62) years of age;
- (4) who is not eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.; and
- (5) who has at least eight (8) years of service credit as a participant in the Indiana judges' retirement fund, with at least eight (8) years of that service credit completed immediately preceding the judge's retirement.

(d) The state shall provide a group health insurance program to each retired employee:

- (1) who is a retired participant under the prosecuting attorneys retirement fund;
- (2) whose retirement date is after January 1, 1990;
- (3) who is at least sixty-two (62) years of age;
- (4) who is not eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.; and
- (5) who has at least ten (10) years of service credit as a participant in the prosecuting attorneys retirement fund, with at least ten (10) years of that service credit completed immediately preceding the participant's retirement.

(e) The state shall make available a group health insurance program to each former member of the general assembly or surviving spouse of each former member, if the former member:

- (1) is no longer a member of the general assembly;
- (2) is not eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq. or, in the case of a surviving spouse, the surviving spouse is not eligible for Medicare coverage as prescribed by 42 U.S.C. 1395 et seq.; and
- (3) has at least ten (10) years of service credit as a member in the general assembly.

A former member or surviving spouse of a former member who obtains insurance under this section is responsible for paying both the employer and the employee share of the cost of the coverage.

(f) The group health insurance program required under subsections (b) through (e) and subsection (k) must be equal to that offered active employees. The retired employee may participate in the group health insurance program if the retired employee pays an amount equal to the employer's and the employee's premium for the group health insurance for an active employee and if the retired employee within ninety (90) days after the employee's retirement date files a written request for insurance coverage with the employer. ~~However,~~ **Except as provided in subsection (l),** the employer may elect to pay any part of the retired employee's premium with respect to insurance coverage under this

1 chapter.

2 (g) Except as provided in subsection (j), a retired employee's
3 eligibility to continue insurance under this section ends when the
4 employee becomes eligible for Medicare coverage as prescribed by 42
5 U.S.C. 1395 et seq., or when the employer terminates the health
6 insurance program. A retired employee who is eligible for insurance
7 coverage under this section may elect to have the employee's spouse
8 covered under the health insurance program at the time the employee
9 retires. If a retired employee's spouse pays the amount the retired
10 employee would have been required to pay for coverage selected by the
11 spouse, the spouse's subsequent eligibility to continue insurance under
12 this section is not affected by the death of the retired employee. The
13 surviving spouse's eligibility ends on the earliest of the following:

- 14 (1) When the spouse becomes eligible for Medicare coverage as
15 prescribed by 42 U.S.C. 1395 et seq.
16 (2) When the employer terminates the health insurance program.
17 (3) Two (2) years after the date of the employee's death.
18 (4) The date of the spouse's remarriage.

19 (h) This subsection does not apply to an employee who is entitled
20 to group insurance coverage under IC 20-28-10-2(b). An employee
21 who is on leave without pay is entitled to participate for ninety (90)
22 days in any health insurance program maintained by the employer for
23 active employees if the employee pays an amount equal to the total of
24 the employer's and the employee's premiums for the insurance.

25 (i) An employer may provide group health insurance for retired
26 employees or their spouses not covered by this section and may provide
27 group health insurance that contains provisions more favorable to
28 retired employees and their spouses than required by this section. A
29 public employer may provide group health insurance to an employee
30 who is on leave without pay for a longer period than required by
31 subsection (h).

32 (j) An employer may elect to permit former employees and their
33 spouses, including surviving spouses, to continue to participate in a
34 group health insurance program under this chapter after the former
35 employee (who is otherwise qualified under this chapter to participate
36 in a group insurance program) or spouse has become eligible for
37 Medicare coverage as prescribed by 42 U.S.C. 1395 et seq. An
38 employer who makes an election under this section may require a
39 person who continues coverage under this subsection to participate in
40 a retiree health benefit plan developed under section 8.3 of this chapter.

41 (k) The state shall provide a group health insurance program to each
42 retired employee:

- 1 (1) who was employed as a teacher in a state institution under:
 2 (A) IC 11-10-5;
 3 (B) IC 12-24-3;
 4 (C) IC 16-33-3;
 5 (D) IC 16-33-4;
 6 (E) IC 20-21-2-1; or
 7 (F) IC 20-22-2-1;
 8 (2) who is at least fifty-five (55) years of age on or before the
 9 employee's retirement date;
 10 (3) who is not eligible for Medicare coverage as prescribed by 42
 11 U.S.C. 1395 et seq.; and
 12 (4) who:
 13 (A) has at least fifteen (15) years of service credit as a
 14 participant in the retirement fund of which the employee is a
 15 member on or before the employee's retirement date; or
 16 (B) completes at least ten (10) years of service credit as a
 17 participant in the retirement fund of which the employee is a
 18 member immediately before the employee's retirement.
 19 **(I) The president pro tempore of the senate and the speaker of**
 20 **the house of representatives may not elect to pay any part of the**
 21 **premium for insurance coverage under this chapter for a former**
 22 **member of the general assembly or the spouse of a former member**
 23 **of the general assembly whose last day of service as a member of**
 24 **the general assembly is after July 31, 2007.**
 25 SECTION 13. IC 2-3.5-5-5 IS REPEALED [EFFECTIVE
 26 JANUARY 1, 2009]."
 27 Renumber all SECTIONS consecutively.
 (Reference is to SB 401 as introduced.)

and when so amended that said bill do pass .

Committee Vote: Yeas 12, Nays 0.

Senator Kenley, Chairperson